From: Rick Horowitz
To: Microsoft ATR
Date: 1/24/02 9:46am
Subject: Microsoft Settlement

I would like to comment on the Microsoft settlement based on my over 20 years of experience in the computer, networking, and Internet industries.

In my view, the breakup of Microsoft into two companies is mandated - an OS company and a company allowed to sell applications and provide Internet services. Microsoft's domination of the operating system market will likely increase with the introduction of Windows XP because it will eliminate the incompatibilities suffered by their previous lineup of operating systems.

Apple's OS-X does not have sufficient market share to draw application developers onto their platform in sufficient numbers to compete with Microsoft in many application areas, hence will likely only garner marginal market share forever, or at least for a long time to come.

Linux is the only operating system that has sufficient mindshare in the developer community to obtain the necessary applications in a broad range of application areas. However, due to the disconnected nature of Linux development (thousands of loosely coupled developers worldwide), the user experience is not nearly as good as Windows or Macintosh. Linux has made significant inroads as a server OS, but has lagged on the desktop for this reason. My own experience with these operating systems leads me to believe that it will take at least 2 more years for Linux to provide a good enough desktop user experience to allow it to compete with Microsoft on the desktop. At that point it will still have to make the leap from hacker OS to mainstream, something that will probably prove impossible without significant marketing dollars. This funding is unlikely to become available post-Internet bust. Companies such as Redhat have small capital bases on which to draw, and there simply is not enough profit potential in desktop Linux to fund its marketing in a large way -- even should Linux mature to the point to which it provides a comparable user experience to Microsoft.

In conclusion, Microsoft has been found to use it OS to unfairly leverage its application and Internet businesses to the detriment of competing companies and users, a finding which I find matches my own experience over 20 years. This practice can be stopped by splitting the company along this line - OS on one side, applications and Internet along the other side, allowing application vendors to fairly compete with Microsoft in the application space. This will lower prices and provide more choice for consumers, as Microsoft's enormous operating margin will most likely be reduced over time to more industry-typical levels.

Sincerely,

Richard Horowitz
2090 Pacific Avenue #305
San Francisco, CA 94109